



STATE DEPARTMENT OF EDUCATION

P.O. BOX 83720
BOISE, IDAHO 83720-0027

TOM LUNA
STATE SUPERINTENDENT
PUBLIC INSTRUCTION

MEMORANDUM

DATE: July 3, 2007
TO: Auditors of Idaho Public School Districts and Charter Schools
FROM: Julie Oberle, Coordinator, Public School Finance
SUBJECT: Local School Audits, 2006-2007

The State Department of Education (SDE) has been asked to provide some direction to auditors. This memo outlines a few of the major areas that each auditor should be reviewing and testing in their audits of Idaho's public schools.

NEW FOR 2006-2007

The School Facilities Improvement bill (House Bill 743) was passed during the 2006 Legislature session and amended during the 2007 Legislative session (House Bill 183). All Idaho school districts and charter schools that own or have a lease-purchase agreement for student-occupied buildings must comply with the School Facilities Improvement law. Most schools will need to revise their accounting systems to include newly created revenue and expenditure codes. A copy of the School Facilities Improvement bill and a FAQ document are available on the SDE website at www.sde.idaho.gov/dept/facilities.asp. **If you have any questions on the new School Facilities Improvement law, please contact Julie Oberle (School Finance) at 332-6842.**

STATE FOUNDATION PROGRAM

Public schools receive the majority of their General M&O revenues through the State Foundation Program. The amount received is based on attendance and staffing information supplied by the public school to the SDE during the year. *We are asking that auditors verify the accuracy of the attendance and staffing data submitted to the SDE.*

Attendance. The SDE recommends that auditors review how public schools submit attendance data, test the submitted attendance data, and confirm schools are reporting in compliance with SDE guidelines and State Board Rules and Regulations. An Attendance Manual is available at www.sde.idaho.gov/finance under "Manuals." **If you have questions on the collection and reporting of attendance, please call Gregory Berg (School Finance) at 332-6842.**

Staffing. Auditors should be testing the Idaho Basic Educational Data System (IBEDS) information submitted annually to the SDE. This staffing data is used to calculate Salary Based Apportionment. Testing should include the placement of certified staff on the education and experience multiplier table and that teaching assignments have been reported correctly. The data should reflect a "snapshot in time," which is the last Friday of September. The Superintendent or Administrator has access to the IBEDS information available on a secure School Finance website. **If you have questions on the collection and reporting of IBEDS information, please contact Myrna Holgate (School Finance) at 332-6845.**

Pupil Transportation. Auditors should review the internal control procedures to confirm that reimbursable costs, as well as miles, have been reported properly and consistently on the Pupil Transportation Reimbursement Claim. SDE also recommends that auditors review bus purchasing procedures, the proper handling of any depreciation allowance and fuel excise tax refunds, and confirm schools are reporting in



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compliance with SDE guidelines and State Board Rules and Regulations. **If you have questions relating to transportation issues, please contact the SDE's Transportation unit at 332-6851.**

Reporting of Revenues and Expenditures. Each public school is required to submit an annual financial report, using the Idaho Financial Accounting Reporting Management System (IFARMS) as a guideline, within 90 days of fiscal year-end. It is very important that revenues and expenditures be reported accurately using the revenues and expenditure coding structure established by the SDE and that this coding be reviewed during the auditing process to ensure the collection of uniform data from Idaho's public schools. The Annual Report memos, accounting codes, reports, forms and the IFARMS manual are available on the SDE website at www.sde.idaho.gov/finance under "Forms," "2006-2007 Annual Report Forms." You will also find a list of "Reminders" and links to the Department of Administration's Purchasing Division. **If you have questions on the reporting/recording of revenues and expenditures, please contact Julie Oberle (School Finance) at 332-6842.**

FEDERAL

U.S.D.A. School Lunch. It is important for auditors to review the internal control procedures for the handling of cash receipts and commodities at the building level. Sufficient tests should be included in your review to detect errors, prevent irregularities and assure that the state revenue matching requirements under the National School Lunch Act have been met. **If you have any questions relating to the U.S.D.A School Lunch Act, please contact SDE's Child Nutrition unit at 332-6823.**

Federal Grant Monies - Cash Management Compliance. Schools receive cash advances from several federal programs, including those encompassed by the Single Audit Act: Title I, Title II-A (Improving Teacher Quality), Title IV (Drug-free Schools), Title VI (Innovative Programs), Title VI-B (Special Education), and Title I-C (Migrant Education). Auditors should examine federal cash balances and advanced funds to assure they do not exceed the school's immediate cash needs. The SDE recommends that auditors review the submitted cash balance reports to assure the school is in compliance with federal and SDE guidelines and regulations. **If you have any questions relating to Cash Management Compliance, please contact Julie Oberle (School Finance) at 332-6842 to be directed to the correct Federal program officer.**

General Federal Guidelines. Auditors should review federal grants for compliance to Circular A-87 (outlines cost principles associated with federal grants) and to the Common Rule (details the reporting requirements). Audits should be conducted in accordance with the Yellow Book and the Single Audit Act, if appropriate. **If you have any questions relating to the auditing of federal funds, please contact Julie Oberle (School Finance) at 332-6842.**

OTHER

Purchasing. Auditors should include a purchasing compliance review to ensure schools have adequate purchasing procedures in place and that purchases are being appropriately reviewed and authorized. **If you have any questions about purchasing, please contact Mark Little (Division of Purchasing) at 332-1611 or Julie Oberle (School Finance) at 332-6842.**

Budgeting. Budget forms, memos, and schedules can be found on the SDE website at www.sde.idaho.gov/finance under "Forms." Schools must also follow State Board Rules and Regulations as



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well as reporting guidelines established by the SDE. **If you have any questions about the budgeting process, please contact Myrna Holgate (School Finance) at 332-6845.**

School Laws. A copy of the 2007 School Laws is available at www.sde.idaho.gov/PostLegTour/default.html.

General Fixed Assets. Various payments to the schools are done using computations including fixed asset dollar amounts. The fixed asset information included in the notes to the financial statements should be separated into elementary, secondary, and administrative fixed asset dollars for these computations to be accurate. It would also be helpful to have this information further separated by asset type, including buildings, equipment, transportation, etc.

Miscellaneous State Grants. Schools receive miscellaneous state grant monies that should be reviewed to ensure the dollars are expended in accordance with the school's approved applications. These grants include, but are not limited to, technology, safe and drug free, and reading grants. State grant monies should be reported separately from Federal grant monies. The school should have the reporting guidance manuals available for your review.

Training Opportunities. There are several opportunities during the year to learn more about school finance.

- Each spring, School Finance travels to the different regions of the state to present post-legislative information to Idaho's public schools. Various School Finance staff, when not presenting, are available for one-on-one meetings. For more information, please contact School Finance in the spring or watch the SDE website at www.sde.idaho.gov/dept for a schedule of these workshops.
- The Idaho Association of School Business Officials (IASBO), in cooperation with Public School Finance, presents a New School Finance workshop in February/March. This full-day workshop is often referred to as School Finance 101. For further information, please see the IASBO website at www.idahoasbo.org.
- IASBO also holds an annual conference in late June. This two-day workshops features concurrent sessions pertaining to issues facing Idaho's public schools. For more information, please see the IASBO website at www.idahoasbo.org.
- The SDE website at www.sde.idaho.gov/dept has a wealth of information. Specifically, the School Finance website at www.sde.idaho.gov/finance has manuals, forms, recent communications sent to public schools, and statistical information.
- The School Finance staff, as well as all SDE staff, encourage you to telephone or email any questions you may have. School Finance can be reached at 332-6841 and the general SDE number is 332-6800.

Included with this memo is a listing of the miscellaneous state payments, made as of June 30, 2007, to Idaho's public schools for the 2006-2007 school year. Once the July 15th payment has been made, the payment worksheet will be updated to include foundation payment data and will be posted to the SDE website at www.sde.idaho.gov/finace, under "Forms" and "2006-2007 Annual Report Forms."

Please call 332-6842 with any questions you may have.

cc: School Business Officials

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